

*Valentin Bogatyrev:*

"Today, any country is incorporated into a great variety of connections, and building a unidirectional policy would mean to lose one's sovereignty." - p. 14

*Emil Umetaliev:*

"Unprotected business does not have confidence in further development, and is set to withdraw capital from the country." - p. 22

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## ABOUT IPP

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## HOW TO BUILD NEW RELATIONS WITH AN OLD FRIEND

*If before, the calm, diplomatic facade concealed turbulent negotiations, if the mutual assurances of eternal friendship only disguised a chaotic policy of ad-hoc problem solving, now more than ever the day's agenda should include Kyrgyzstan developing a new strategy in relation to the region's superpower - Kazakhstan.*

*Kumar Bekbolotov<sup>1</sup>*

Presidential elections in Kyrgyzstan and Kazakhstan were perhaps the most important events in the region in 2005. While in Kyrgyzstan they took place after the "Tulip Revolution," confirming the legitimacy of new authorities for the next five years, in Kazakhstan the incumbent leader, Nursultan Nazarbaev, claimed a massive victory, gaining the right to rule for another seven years. It should be mentioned here that the Kazakh leader's election campaign placed a strong emphasis on critiquing Kyrgyzstan's situation...

The latest events related to Kyrgyzstan's northern neighbor (expansion of Kazakh businesses in Kyrgyzstan, ill-treatment of work migrants, closure of borders, etc.) demonstrate that Kyrgyzstan strongly needs to shape its "Kazakhstan policy."

If before, the calm, diplomatic facade concealed turbulent negotiations, if the mutual assurances of eternal friendship only disguised a chaotic policy of ad-hoc problem solving, now more than ever the day's agenda should include Kyrgyzstan developing a new strategy in relation to the region's superpower - Kazakhstan.

### **Mutual Perspectives: Kazakhstan In The Eyes Of Kyrgyzstan**

In the eyes of many Kyrgyzstanians, Kazakhstan is first of all a country that has achieved serious economic growth

due to colossal energy resources and purposeful economic policies, ruled by an able and authoritarian leader who firmly defends his right to strong leadership.

For today's political elite of Kyrgyzstan, Kazakhstan is becoming a strategically important state.

Kyrgyzstan has begun to realize that, despite maneuvering amongst the world's superpowers (US, Russia and China), in geopolitical dimensions it is above all dependent on Kazakhstan. For instance, any blocking of the transportation routes that Kyrgyzstan's economy relies on may lead to the isolation of the country. One region of Kyrgyzstan (Talas) is completely dependent on Kazakhstan, and could soon become an appendage of Kazakhstan's Jambyl region with regard to trade and raw materials.

Within Central Asia, Kyrgyzstan is forced to seek an alliance with the regional superpower, which Kazakhstan is becoming. The USA, Russia and China will definitely remain key players in the region, but the Kazakh influence can be felt with increasing strength in the daily life of Kyrgyzstanians.

It is no secret that the political elite of Kyrgyzstan who came to power after the March events are competing amongst themselves to gain the favor of Nursultan Nazarbaev, frequenting the southern and northern capitals of Kazakhstan. Top officials regularly praise the neighboring country's president. Some of the Kyrgyzstani politicians are discussing the possibility of creating a

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confederation with Kazakhstan.

In late April, on his first state visit abroad as the interim president, Kurmanbek Bakiyev went to Kazakhstan and met with Nazarbaev. Acting vice Prime Minister Daniyar Usenov went on the trip as well.

In late July, acting vice Prime Minister Adakhman Madumarov had important meetings in Almaty to save the tourism season in Issykkul. In mid-June Daniyar Usenov participated in an international business conference of the Asian Society in Almaty, where he announced his intention to create a Council of Foreign Investors in order to protect their interests in Kyrgyzstan. Within a short period, Prime Minister Felix Kulov visited Kazakhstan twice, visiting Astana in October and Taraz in December.

This attention shows how much stronger a role Kazakhstan plays for the new Kyrgyz political elite. Yet, more and more often issues are raised of potential risks and dangers coming from Kyrgyzstan's northern neighbor.

In political dimensions, there is a great risk of gradual cooption and/or integration of Kyrgyzstan's political elites in the event of the creation of some Kazakh-Kyrgyz political arena inside Kyrgyzstan. The idea of joining with Kazakhstan in a confederation is closely associated with the development of such an arena. At the same time, the fact that Kyrgyzstan risks losing its independence frightens many supporters of such regional integration.

The close relationship of Kyrgyzstan's first presidential family to Kazakhstan (involving kinship ties with the presidential family of Nazarbaevs in 1998-2001 and the privileged role of Adil Toigonbaev, the Kazakh son-in-law of the Akaevs, in Kyrgyz business until 2005) already caused many fears among the

political opponents of the previous regime. Furthermore, so far there has been no convincing denunciation of the rumors that Kazakh special police force units participated in the March 20, 2005 assault of the main government building in Jalalabad, occupied at the time by the opposition forces.

For Kyrgyz society, the Kyrgyz authorities' clear readiness to make large political concessions to Kazakhstan is an alarming trend that signifies strengthening Kazakh influence. In addition, there are fears that having a strong enough influence on Kyrgyz politics, Kazakh capital can actively lobby its interests and affect the results of key appointments in government and parliamentary elections.

Such fears are aggravated by the fact that in both countries, the personality element of internal politics traditionally has a strong influence on foreign policy decisions. During the period of "marital relations" between the presidential families of Kazakhstan and Kyrgyzstan, there was a short but noticeable phase of rapprochement, when many issues, such as the delimitation of the Kazakh-Kyrgyz border, were solved more easily. In 2001-2002, after the dynastic marriage failed, the relations cooled. Anti-Kazakh feelings were raised in Kyrgyzstan, and limitations were introduced in Kazakhstan on Kyrgyz transit and imports, with a 200% increase of tariffs.<sup>1</sup>

Considering Kyrgyzstan's inconsistent history in official positions on many critical incidents related to Kazakhstan (such as the secret deportation of Kyrgyz citizens in 2002, accompanied by unlawful intrusion into Kyrgyz territory, as well as the scandal around the confrontation of the Kyrgyz and Kazakh wholesale markets Dordoi and Barys),

<sup>1</sup>Anders Oslund, *Kyrgyz Republic: Towards Economic Growth through Expansion of Export*, UNDP report (March 25, 2002) available at <http://www.undp.kg/russian/publications.phtml?l=1&id=39>



the new authorities of Kyrgyzstan may in the future find themselves hostage to a diplomatic position that is too submissive.

In economic dimensions, Kyrgyzstan would hope to be more successful in benefiting from the positive effects of Kazakh economic growth. Economic indicators of Kazakhstan are impressive in comparison with Kyrgyzstan. A typical point of comparison is the level of average monthly salary. In October 2005, the nominal monthly salary in Kazakhstan was 37 521 tenge (280 US dollars).<sup>1</sup> In Kyrgyzstan, this figure in October 2005 was 2620 soms, or about 64 US dollars.<sup>2</sup>

Therefore, a number of apprehensions can be pointed out in relation to the expansion of Kazakh capital into Kyrgyzstan, the inhibition of Kyrgyz trade and economic interests, and the gradual “financial colonization” of Kyrgyzstan’s weak economy.

In the first six months of 2005, Kazakh financiers invested 14,1 million dollars in Kyrgyzstan, which constitutes 71% of all direct foreign investment in that period.<sup>3</sup> According to the Kyrgyz national statistical committee, in the first nine months of 2004, investors from Kazakhstan invested 24,4 million dollars in the Kyrgyz economy, out of the total sum of 32,4 million dollars that came from all CIS countries.<sup>4</sup>

Kazakh business figures prominently in banking (Kazkommertsbank, Khalykbank, ATF-Bank), telecommunica-

tions (Alians Kapital), industry (Kadamjai antimony combine, Kant slate and cement combine, and many industrial enterprises in the Chuy region), media business (NBT TV station) and tourism (mainly in Issykkul).

Expansion of Kazakh capital has been characterized by the entrance of strong financial-industrial groups (FIG) from Kazakhstan into the Kyrgyzstan market. Due to their financial power in Kazakhstan, these FIGs sometimes have a stronger influence on certain political processes than the entire state apparatus of Kyrgyzstan.

According to the Eurasian Center for Political Research, one can find the visible and invisible presence of many influence groups and FIGs in Kyrgyzstan.<sup>5</sup> They include, but are not limited to, the group of Dariga Nazarbaeva/Rakhat Aliev (former chief prosecutor Azimbek Beknazarov once stated that Dariga Nazarbaeva owns 32% of the Kant cement and slate combine<sup>6</sup>), Timur Kulibaev (the recent vice president of Kazmunaigaz and Nazarbaev’s son-in-law – through daughter enterprise limited company KyrKazGaz<sup>7</sup>), the group of Nurzhan Subkhanberdin (Kazkommertsbank – working in Kyrgyzstan through its only daughter bank abroad – Kazkommertsbank-Kyrgyzstan). In addition, Alexander Mashkevich of the Eurasian Industrial Association, originally from Bishkek, is a very influential figure not only in Kazakhstan, but also in Kyrgyzstan,

<sup>1</sup> Agency of the Republic of Kazakhstan for Statistics through the website of the Embassy of Kazakhstan in the Russian Federation, available at <http://www.kazembassy.ru/economics/social/>

<sup>2</sup> National Statistical Committee of the Kyrgyz Republic, *Poslednie ekonomicheskies i finansovye dannye ot 18 dekabria 2005 goda*, available at <http://www.stat.kg/Rus/Home/hlatest.html#Top1>

<sup>3</sup> Interview of the ambassador of the Republic of Kazakhstan to Kyrgyzstan Umarzak Uzbekov, *Nashi Investitsii Mogut Uvelichitsia v Razy*, by Renata Esambaeva (Obshestvennyy Reyting, December 15, 2005)

<sup>4</sup> Brief note on social economic development of the Kyrgyz Republic for January-November 2005, dated December 25, 2005 (Ministry of Finances of the Kyrgyz Republic) available at <http://www.minfin.kg/news.php?file=news583>

<sup>5</sup> *Influence Groups in the Power and Political System of the Republic of Kazakhstan*, Eurasian Center for Political Research and Agency for Social Technologies “Epicenter” (published by the Agency of Political News of Kazakhstan on November 29, 2005), available at [http://www.apn.kz/?chapter\\_name=advert&data\\_id=87&do=view\\_single](http://www.apn.kz/?chapter_name=advert&data_id=87&do=view_single)

<sup>6</sup> Information agency AKIpress, October 6, 2005 [http://www.akipress.org/\\_ru\\_news.php?id=22653](http://www.akipress.org/_ru_news.php?id=22653)

<sup>7</sup> National Company Kazmunaigaz <http://www.kmg.kz/main.php?page=inc/posted&mid=25&sid=237&type=subm&showm=25>



even though he does not have any declared assets in Kyrgyzstan.

Aggressive infiltration of FIGs into the Kyrgyzstan economy, followed by the takeover of key, strategically important spheres of industry, makes Kyrgyzstan vulnerable to and dependent upon economic leverages. For instance, investment into the Kyrgyz part of the Naryn-Syrdaria cascade of hydroelectric stations would secure shareholder control over the water resources and energy systems, not only in Kyrgyzstan, but also in some of the major areas in Central Asia. Kazakh investors have shown serious interest in the possibility of investing in reconstruction of the Kambarata hydroelectric stations.

In addition, there are fears that Kyrgyzstan may become a “laboratory” for economic tests by Kazakh businesses, tests which may not necessarily be successful. Expansion of Kazakh capital in Kyrgyzstan also entails the supplanting and exodus of significant (for Kyrgyzstan) amounts of Kyrgyz capital to Kazakhstan (mainly to Almaty).

Pressure on Kyrgyz trade and economic interests produces worries in several directions – raising tariffs on transit of goods through Kazakhstan, which renders Kyrgyz production and export to other countries (Russia above all) unprofitable; setting quotas on Kyrgyz goods in Kazakh markets, for instance cement; and discriminatory policies against labor migrants from Kyrgyzstan, amplified by political apprehension on the part of Kazakh authorities.

A telling example of Kyrgyzstan's fears was the refusal of the Kyrgyz parliament to ratify in December 2004 the Kyrgyz-Kazakh agreement on allied relations, which many deputies called “toothless” in terms of defending Kyrgyz

interests. In the debates on ratification of this agreement, parliamentarians wanted to include in it the mechanisms for solving the issues of labor migration and trade and economic cooperation, while the administration stressed the agreement's provisions relating to political and military-technical cooperation, delimitation of state borders, and improvement of legislative cooperation.<sup>1</sup>

### **Mutual perspectives: Kyrgyzstan for Kazakhstan**

A survey of the main points of political and economic interaction between the two countries would be incomplete without looking at how the image of Kyrgyzstan is projected in Kazakhstan.

In the eyes of Kazakh society, Kyrgyzstan is a generally friendly country, where systemic economic crisis resulted in a political crisis, culminating in a forced change of regime.

It should be noted outright that Kyrgyzstan is of interest to Kazakhstan in the economic sphere as a country where more or less similar economic reforms have been conducted, and the level of compatibility between the two economies is high. This is the reason why some of the emerging Kazakh capitalists use Kyrgyzstan as a starting point for refining their foreign experience, buying up shares of promising Kyrgyz companies and investing in restoration of profitable enterprises.

In Kazakhstan, a worrisome fact is that the high profits of the oil and gas sector have a tendency to “heat up” the economy, leading to the “Dutch disease.” This is why the economy and infrastructure of northern Kyrgyzstan, most similar to that of Kazakhstan, has recently been attracting more and more

<sup>1</sup> Salamat Alamanov and Lidia Imanalieva, Kyrgyzstan-Kazakhstan: Novy Uroven' Otnosheniy (Slovo Kyrgyzstana, January 11, 2005, №2).



capital from Kazakhstan.

There is a growing understanding in Kazakhstan that in the long run, in the epoch of globalization, no single country can develop successfully in isolation, and poor neighbors will always affect the situation inside Kazakhstan. Considering the fact that the economies of Uzbekistan and Turkmenistan have not adapted well for open market relations, Kyrgyzstan is becoming the most convenient economic partner for Kazakhstan in Central Asia.

However, dissonance of political priorities is preventing full realization of the potential for economic cooperation. In the opinion of Nurbolat Masanov, president of the Kazakhstan association of political sciences, "for Kazaks, Kyrgyzstan is a fraternal country, events in which are taken to heart by Kazakh society, but the events in Kyrgyzstan are interpreted differently by different political forces in Kazakhstan."<sup>1</sup>

Before the March events in Kyrgyzstan, discussion of potential threats for Kazakhstan that emanate from Kyrgyzstan focused more on trans-border, geopolitical threats – radical Islamic groups (after the Batken events in 1999-2000), international terrorism (especially after the explosions in Osh and Bishkek), organized crime, drug trafficking, and biological threats (strains of dangerous infectious diseases like SARS). Military maneuvers on the southern edges of Kazakhstan were conducted to calculate the possible consequences of invasion by large insurgent groups through the Kazakh-Kyrgyz border and mass exodus of the population from Kyrgyzstan.

After the March events, the attention of the Kazakh authorities and society shifted to the risks and dangers conditioned by the internal political situation

in Kyrgyzstan.

Events in neighboring Kyrgyzstan, with which Kazakhstan shares many similarities (mentality, language and political culture), except for the level of economic development, have had a double effect. First, the Kazakh political opposition was extremely interested in the example of a more or less non-violent regime change. Right after the March events, Kyrgyzstan was visited by prominent representatives of the Kazakh opposition, who wanted to study on site the successful experience of the "Tulip Revolution."

Second, precisely because of this interest, it proved very rewarding for the Kazakh ruling elite to professionally confront the Kyrgyz case to frighten their electorate. Throughout the summer and

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fall of 2005, Kazakh authorities disseminated propaganda for stability, decrying the "Kyrgyz coup" as a clear illustration of a negative outcome. In the eyes of an average citizen, Kyrgyzstan is now strongly associated with post-revolutionary looting, political contract killings, and economic decline resulting from endless demonstrations. As Kazakh observer Sergey Duvanov said, "common people have an impression that there is no order in Kyrgyzstan, and that things went so badly that people are fleeing from the country."<sup>2</sup>

In the opinion of Masanov, in political dimensions, Kyrgyzstan is a "competitive" country for Kazakhstan, which in addition to economic leadership has serious claims to leadership in the sphere

<sup>1</sup> Interview for the Institute for Public Policy, December 28, 2005.

<sup>2</sup> Interview for the Institute for Public Policy, December 29, 2005.

of democratic reforms. Such was true for both the Kazakh authorities and the opposition. In March 2005, the most fearful thing was that after turning into a radically democratic republic, "Kyrgyzstan would become some type of a mirror, in which Kazakhstan would see all its negative characteristics, which would be visible to the international community as well."

However, the ensuing developments in Kyrgyzstan have strongly decreased apprehension by the Kazakh political elite that Kazakhstan will have a competitor in the struggle for the image of the most democratic state in Central Asia. Nevertheless, in Freedom House's 2005 ranking of the degree of political rights and civil liberties available in countries of the world, Kyrgyzstan is ahead of Kazakhstan, among the "partially free," while Kazakhstan remains an "unfree country."<sup>1</sup>

### **Problem areas in bilateral relations**

#### *Dissonance of priorities*

In Kyrgyzstan, the process of property and business redistribution that followed the March events demonstrated clearly that the priorities which prevail are often dictated by political objectives. Struggle for political power slowly turned into struggle for control of economic assets. In general, Kyrgyzstan has entered a period in which political reforms have priority over economic reforms, which, as admitted by representatives of the new authorities, were radical enough already under the previous regime.

With the victory of the incumbent president in the last elections, the process of political modernization and democratic reform is only starting in Kaza-

khstan, while economic reforms have already resulted in tangible results. Prevalence of politics over economics in Kyrgyzstan and economic pragmatism over politics in Kazakhstan will inevitably lead to different understanding of bilateral issues and posit hard questions.

In Berlin in spring 2005, the opposition forces of the Central Asian countries held a founding conference of the Central Asian Democratic Congress. In summer, the second meeting of the region's opposition activists was held in Warsaw. After that, rumors were circulating that Bishkek would become the base for revolutions and preparations for regime changes in the neighboring countries.

On November 15<sup>th</sup>, youth activists of the movement "For a Just Kazakhstan" announced the creation of a so-called Kyrgyz Bureau of Kazakh Opposition, based in Bishkek. Right after the presidential elections in early December, those activists were detained by Kyrgyz police and, by some unofficial accounts, with the participation of representatives from the Kazakh security service. Representatives of the opposition-minded part of Kazakh society appealed to president Bakiev, asking him to personally interfere in the situation. Nevertheless, Kyrgyz law enforcers extradited one of the activists to Kazakhstan.

After the Andijan events in Uzbekistan in May 2005, mass exodus of refugees into Kyrgyzstan resulted in the deterioration of relations with the Uzbek authorities. Even though the bulk of the refugees were transferred to third-party countries, Kyrgyzstan was forced to extradite several political refugees to Uzbekistan. Unofficially though, Bishkek and Osh became sanctuaries for many

<sup>1</sup> Freedom House, Annual Global Review of Political Rights and Civil Liberties 2006 <http://www.freedomhouse.org/research/freeworld/2006/Charts2006.pdf>



opponents of the Uzbek authorities.

### *Fuel and energy sector*

Mutually beneficial management of water and energy resources remains a traditional point of conflict between Kyrgyzstan and Kazakhstan. For Kazakhstan, the bulk of whose territory lies in an arid zone, water has great value. Southern Kazakhstan is dependent on the stable inflow of water from Kyrgyzstan in summer. In winter, Kazakhstan has a vital interest in ensuring that water accumulates in Kyrgyz reservoirs for later use in summer. For Kyrgyzstan, water has even greater value as a source of electricity, especially needed during wintertime, resulting in winter floods in Kazakhstan and scarcity of water in summer. The issues of mutual compensation and functional exchange schemes – water-electricity-oil – will remain key to the energy security of Kyrgyzstan.

Also problematic in recent years has been the issue of the gas pipe running through Kyrgyzstan and of Kyrgyzstan taking gas intended for Kazakh consumers. According to gas company representatives, the amount of debt for this gas, reaching 18,5 million dollars, has already become a subject for inter-governmental negotiations between the two countries.<sup>1</sup>

### *Population migration*

With the growing prosperity of the neighboring republic, the tendency for Kyrgyz labor to migrate to Kazakhstan will only increase. Currently, there are up to 80 thousand legal and illegal migrants from Kyrgyzstan temporarily working in Kazakhstan (of which there are many more illegal than legal). In early December, forced deportation of

Kyrgyz migrants on the eve of the presidential elections in Kazakhstan had a great resonance. Earlier, the exploitation of labor migrants in the tobacco plantations of southern Kazakhstan, accompanied by gross human rights violations, caused indignation within Kyrgyz society.

Furthermore, the number of people with dual citizenship is expected to grow steadily, denoting ethnic Kazakhs who want to settle in Kazakhstan as official immigrants while remaining citizens of other countries, using Kyrgyzstan and Kazakhstan as transit points for entering Western countries.

### *Economic and business disputes*

The dynamics of economic growth in Kazakhstan testifies that once things become stable in Kyrgyzstan, Kazakh investors will only be more interested in investing in this country which presents familiar conditions. This indication raises key issues for protecting the rights of local investors from Kazakhstan, as well as the possible provision of preferential conditions. Serious fears among Kazakhstanians stem from the weak protection of their rights, extra bureaucratization in the sphere of state control over businesses, and the possibility of nationalizing foreign assets and reconsidering the property rights of foreign owners.

For instance, for the last several years Kazakhstan has insisted on the restoration of the rights of Kazakh owners in several resorts in Issykkul, last raising the issue December 15th, 2005.

The last visit of Prime Minister Felix Kulov to Taraz resulted in preliminary confirmation of the rights of Kazakh owners in four resorts in Issykkul (Samal, Avtomobilist Kazakhstanana, Univer-

<sup>1</sup> Information Agency Kabar, December 19, 2005 <http://www.kabar.kg/rus/econom/20051219/80>



sitet and Kazakhstan). The Kyrgyz side made the confirmation conditional on the observance of some of Kyrgyzstan's interests, including recruitment of the workforce from among local inhabitants and a fixed amount of investment in these resorts. Nevertheless, the Kyrgyz parliament, which must approve the agreement that includes this issue, may again refuse to ratify such arrangements.

### *Kyrgyz businesses in Kazakhstan*

In economic and trade relations with Kazakhstan, status as a WTO member gives Kyrgyzstan some advantages, but also creates known difficulties.

So far, demand in Kazakhstan includes a cheap and qualified workforce from Kyrgyzstan, electricity for growing industrial needs, water resources, tourism, gold and jewelry, clothing, and – more irritating for Kazakh producers – cheap re-export goods from WTO member-states.

Traditionally, Kyrgyzstan has provided tourism services, agricultural products, and construction materials for Kazakhstan's market. A newer tendency is the outflow of emerging Kyrgyz capital to Kazakhstan, as seen by growing interest of Kyrgyzstanies in purchasing realstate in Almaty. Businessmen shift their enterprises to Kazakhstan and gradually leave Kyrgyzstan. From the late 90s, Kyrgyz businessmen have

started seeking ways of expanding into Kazakhstan, and there have already been some examples of successful penetration of the Kazakh market.

Each year, with the start of the tourist season in Issykkul, publicity attacks against recreation in Kyrgyzstan are launched through Kazakh media outlets. The interested parties are providers of tourism services inside Kazakhstan, for whom Issykkul is a strong challenger. This competition will inevitably cause friction between the tourism companies of Kyrgyzstan and Kazakhstan.

### **Conclusion**

This review of problem areas in Kyrgyz-Kazakh relations is by no means exhaustive, but it demonstrates Kyrgyzstan's need to order its priorities and shift to a more flexible and consistent policy in relations with Kazakhstan. In a commonly accepted format of public agreement, a clear and sensible policy of relations with Kazakhstan will assist Kyrgyzstan in reaching a better understanding of its interests, and in actively defending them.

It must be emphasized here that, by and large, the influence of Kazakhstan in Kyrgyzstan is positive, and that an understanding of this fact should lay the preamble of the new "Kazakhstan policy" of Kyrgyzstan.



## ROUND TABLE:

## TOPICAL ISSUES OF KYRGYZSTAN'S FOREIGN POLICY

*A round table on "Topical issues of Kyrgyzstan's Foreign Policy" was held on December 21<sup>st</sup>, 2005 at the Institute of Public Policy. Valentin Bogatyrev, Director of the International Institute for Strategic Studies under the President of the Kyrgyz Republic, and Murat Suyunbaev, Vice-rector of the Diplomatic Academy under the Ministry of Foreign Affairs of the Kyrgyz Republic, who also works as an Executive Secretary for a Working Commission on Developing a New Concept of Kyrgyzstan's Foreign Policy, were invited as speakers. Representatives of international organizations, political parties, and public associations also participated in the discussion. Below are excerpts from the transcript of the round table.*

**Valentin Bogatyrev:** The question of what foreign policy we need can be divided into three parts. The first is the current world setup and trends in its transformation, as it is clear that the foreign policy positioning of any state is dictated by two conditions: internal goals of development, values, and historical preferences of the state, and structural setup in general. A state's internal goals of development depend on the system of international affairs of which it is a part. This is what defines the situation within a state. In my opinion, Kyrgyzstan is a state where the circumstances in which it exists dominate in defining its internal goals.

The second part is connected to the *ideologems* that form the space and values of a foreign policy. You know well who is working on this. The space of a foreign policy discourse is overly mythologized, since powerful states and alliances of states try to impose their own understanding of the world and policies on others. This understanding is rarely beneficial or desirable for the rest of the world. American foreign policy is a prominent example of how to

work with democratic values. I think it is always necessary to distinguish the limits whereby politics ends and ideology begins. For instance, all of the talk of partnership between Russia and Kyrgyzstan in the post-Soviet period is pure

shamanism, pure ideology. At one of the round tables when they started talking about foreign states, Bolot Januzakov, President Akaev's Deputy Chief of Staff, suddenly shuddered and said: "We should not talk about Russia as of a foreign state."

He has a very ideological approach in assessing this partnership.

The third bloc is, of course, the most difficult – national interests of a state. Which means, which strategy and tactics should be employed in order to observe these national interests? As a rule, there are two positioning paradigms from which to proceed in foreign policy. The first is an approach based on national interests; they are declared as priorities. The second paradigm is an approach that I call "vassal behavior," i.e. when in international relations a state is guided not by what it needs, but by what others need. The former

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position is typical of powerful or active countries, whereas the second one is for weak states or those professing pragmatism.

In what world does Kyrgyzstan live, and how does it influence the formation of its political positions and strategy? In my view, the world has passed the peak of a unipolar system, and is moving to a new configuration. The peak of the unipolar construction coincided with the beginning of the war in Iraq, and I believe this is the event that turned the course of history; soon several big multi-state centers of power will form. First of all, in the U.S. there will definitely be unification on a continental scale. We see that this state undertakes many attempts to form and strengthen its own leadership, and to create a united American space. Of course, this does not mean that the U.S. will resign its world presence and domination, but certain resource and political restrictions will force the U.S. to switch to a different strategy with different actors. At the moment, there is an active search for such actors and formats of possible agreements. Afghanistan serves as example of such activities.

The interests of Russia and China have also clashed in Central Asia. A new European area of interests and control has been created. Its borders are actively being formed at the expense of Eastern Europe, the Caucasus, Turkey, and even Central Asia, where Europe still hopes to have influence. For Europe it is very important, as many European problems originate here (migration, Islam, drugs, etc.). As for the regional scope, a process of restructuring is tak-

**Kyrgyzstan is located at the intersection of several regions, between three region-forming centers – China, Kazakhstan, and Uzbekistan.**

ing place here as well. Many people would disagree, but I think that we do not have a single region. Kyrgyzstan is located at the intersection of several regions, between three region-forming centers – China, Kazakhstan, and Uzbekistan. The basic process by which China is forming a region is expansion of trade, which is then followed by resource, humanitarian, and cultural expansion. Kazakhstan's basic process of forming a region is financial expansion and frequent proclamations of a confederation through the establishment of Kazakh order in Kyrgyzstan. Finally, there is a negative expansion coming from Uzbekistan: immigrants, refugees and something of an ideological war against other states and regions.

In my view, two basic ideologems are employed in foreign policy, which work in connection to Kyrgyzstan. The first is democratic; this means Kyrgyzstan has to become part of a democratic community. It also includes the idea of European values; this ideologem is being transmitted from the U.S., Europe, and Japan. Now it becomes an instrument, a means by which the situation in the region is kept under control, although the U.S. will have to concede immediate control to Russia, China, and possibly Kazakhstan. The second ideologem that still works here is "soviet": Kyrgyzstan has to live in either in the context of the Commonwealth of Independent States (CIS) or the Eurasian Economic Union (EEU), and follow the logic of development set by Russia, Kazakhstan, and China. Foreign policy priorities here are the same as during the Soviet period – to live under the aegis of the Organization of Collective Defense Treaty, i.e. Russia.

Attempts are being made in our country to suggest a third ideologem – an ideologem of national distinctiveness. This is close to the Japanese

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model. There are ideas of foreign policy neutrality in this space.

As a rule, these three ideologies are considered as a basis for drafting alternative variants of a state's course of foreign policy, for defining positions in foreign policy, strategy, and tactics. However, I consider a foreign policy based on ideology as a mistake; ideological preferences are bondage for a state, a source of permanent problems. An example is the developments with the Shanghai Cooperation Organization (SCO) and the American base. SCO, as well as CIS and EEU, are primarily ideological organizations. I think a principle of strict pragmatism, which consists of two items, should be at the core of a foreign policy. First, all foreign policy communications must be defined and supported only after there is an answer to the following questions: What will this give us? How will the state benefit? We should consider five things under the notion of benefit: real, not mythical protection from external threats; flow of investments into the country; access to markets; provision of freedom of movement, and protection of citizen's rights abroad. Second: foreign policy treaties, agreements with ideological or political liabilities regarding third countries cannot be concluded. In order to conduct such a policy, it is necessary to know well our internal goals. The problem of our country's foreign policy is that its internal goals are not yet defined. Therefore, the current foreign policy is formed according to the political goals of the leadership, which may overlap with the interests and goals of the state and the people, but may go against them as well. No one could say whether it is right. There are no criteria, no point of departure for assessment. Thus, observation of formalities and fear of complicating relations with foreign policy partners begin to serve as criteria. The issue of na-

tional interests remains open. No one, including the population, knows what those interests are.

**Shairbek Juraev (IPP):** *Where and how are national interests formed?*

**Valentin Bogatyrev:** I employ a technological approach when it comes to issues like forming ideology, identifying national interest. I think we should do certain things before starting to discuss this. This is not a clear notion. It is a thing that is formed as a result of certain technological actions, involvement of the public and its elite. This work has not been done yet; therefore it does not make sense to talk about it.

For the past one-two months a number of very serious people have been discussing the idea of a confederation with Kazakhstan; they talk about the advantages and disadvantages of such union, etc. However, I think it is all about money – big money, Kazakh money, which allegedly immediately could resolve our problems. This is clear. However, the issue is: Why would Kazakhstan need us? What are they going to do here? They made use of Kyrgyzstan during the electoral campaign, and you witnessed how it happened. They are openly making use of Kyrgyzstan, not even asking permission or apologizing. In these actions, I see our permanent effort to find a patron who would answer all of our questions and provide everything for us – with the help of Kazakhstan, China, America or Russia. It is a leftover from the Soviet period, and still entertains the minds of the elite.

**Kumar Bekbolotov (IWPR):** *I think the problem is that Kyrgyzstan does not have an ideology of statehood. Citizens do not think of their own country as of a real state. When talking about state, we mean each other, people from TV....*



Meanwhile, the problem of foreign policy cannot be solved unambiguously until domestic policy is formed. We have not laid its foundation yet. Foreign policy depends heavily on domestic policy. For a long time it was defined by some experts, it was the prerogative of the Ministry of Foreign Affairs. In my opinion, it is time to promote the idea that the public also has a right to raise and resolve issues related to our relations with other states. Kyrgyzstan is heavily dependent on external factors, so foreign policy must be subject to public discussion.

**Valentin Bogatyrev:** We witness a certain circularity. There was time when the American presence here reached its maximum. The U.S. provided considerable help to Kyrgyzstan when Russia left the country. Now the pendulum has swung the other way. For instance, it is very strange now to hear in Tashkent that Russia is the bulwark of security in Central Asia, whereas the U.S. is the devil incarnate, whereas only two years ago it was prohibited even to pronounce the word *Russia*! These pendulums are always swinging, and this seems to be a natural process. Of course, Russia has successfully used the situation in Uzbekistan (the Andijan events and eviction of the American base) to its own advantage, which makes sense. I think we should not rejoice that Russians would come and do something for us. On the contrary, I am sure that they have never done anything and they will not do anything, as they are present here only in a military-ideological dimension. We keep hearing the old talk about unity, common language, information environment and so on. As for real projects, there are none so far, with the exception of *Bitel*. What we get from the Russian presence is a war between two Russian companies.... Neverthe-

less, since the pendulum has swung to Russia's side everything will stabilize and become orderly. Kyrgyzstan will have normal and sustainable relations both with the U.S. and with Russia.

**Murat Suyunbaev:** Does this pendulum exist at all? In Uzbekistan everything is simple: Islam Karimov changed his point of view, so official policies changed. There are no mystical objective factors in Uzbekistan, but purely subjective ones. But what are the reasons for the swinging of the pendulum in Kyrgyzstan, and does it exist at all? I think it would be interesting to investigate this.

**Valentin Bogatyrev:** I would not agree. Yes, it appeared as a subjective factor; nevertheless, the President of Uzbekistan changed his opinion due to some reason. That is, certain circumstances and processes which took place in and around Uzbekistan made the President change his point of view. Karimov felt that were he to proceed in the same direction, the state would have collapsed. He started to seek backing from new connections, states that would not blame him for violating human rights, political harassment, and torture. Russia turned out to be such a country; therefore, it is not an accidental shift at all.

**Elmira Nogoibaeva (IISS):** *Taking into account the current situation, can you imagine Kyrgyzstan conducting a unidirectional foreign policy? To what extent would it be effective?*

**Valentin Bogatyrev:** Probably it will be a confederation with Kazakhstan. However, I think that would have catastrophic consequences for the Kyrgyz people.

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**Elmira Nogoibaeva (IISS):** *In his recent interview, Muratbek Imanaliev criticized the position of multidirectional foreign policy, although Karimov's policy showed that a unidirectional foreign policy is impossible.*

**Valentin Bogatyrev:** Karimov thought that a unidirectional policy is possible as long as it is changed timely. They have the same multidirectional policy, but it is extended in time, not in space. It means that today you can follow one direction and tomorrow another. This is also a political move, a foreign policy strategy. Today, any country is incorporated into a great variety of connections, and building a unidirectional policy would mean to lose one's sovereignty, to lose one's state. Therefore, elements of multiple-direction policy will always exist. A multidirectional foreign policy is good, and it is impossible not to have it.

**Shairbek Juraev (IPP):** *In my view, inconsistency is one of the biggest problems of Kyrgyzstan's foreign policy. At the SCO summit, we demand withdrawal of the American base, but during a visit of the U.S. Secretary of State or Secretary of Defense we say entirely different things. How are strategic foreign policy decisions made in our country?*

**Valentin Bogatyrev:** The way was clearly demonstrated by Mr. Djekshenkulov, Foreign Minister. He said, "everyone keep silent, we will make decisions." 'We' stands for the Ministry of Foreign Affairs. A council on foreign policy, chaired by Muratbek Imanaliev, was set up when Ms. Otunbaeva was Foreign Minister. Yesterday I asked Mr. Djekshenkulov whether he would work with this council. He answered, "Of course, I will." This is the way. At pres-

ent everything is personified, i.e. individuals make decisions, and they rarely involve experts.

We do not have institutes and formal procedures of public policy, especially in defining policy, because the existing expert communities that have considerable knowledge of this area are not engaged in the process of making decisions. At best, they are involved only in the process of justification. Nor does civil society participate in these procedures, with the exception of the recent case with the American flag....

**Murat Suyunbaev:** The state concept of foreign policy was developed in 1997 on the old basis of the early 1990s, and does not meet the current requirements.

Therefore, there is a need to work out a new concept of national foreign policy; it needs to be reformatted; rights and responsibilities of NGO's should be defined, under what conditions NGOs will realize Kyrgyzstan's national interests abroad. Their activities must follow state interests, and the state must be aware of what is happening.

Foreign relations are actively developing on the regional level. When I was working on strategic development of the town of Talas three years ago, I found out that the administration of Talas Oblast had signed an agreement on border cooperation with Djambul Oblast of Kazakhstan. I asked whether

#### Murat Suyunbaev

Vice-rector of the Diplomatic Academy under the Ministry of Foreign Affairs of the Kyrgyz Republic.

Suyunbaev worked as a department head at the International Institute for Strategic Studies under the President of the Kyrgyz Republic.

In 1994-97 – member of international commission on sustainable development of the Aral international foundation. At the moment, Murat Suyunbaev is Executive Secretary of the Working Commission on developing a concept of Kyrgyzstan's foreign policy.

the Foreign Ministry offered any assistance with this event, and it turned out that the Ministry was not even aware of that agreement. This is not right in principle. The same with NGOs: they do good deeds, but on their own. NGOs and local government must coordinate their activities with the Foreign Ministry, get certain counseling assistance, and inform the Ministry about what is happening. Foreign policy should not be divided into separate segments. For instance, an NGO working on border conflict prevention could write a report (2-3 pages long) on its activities. Since local NGOs are actively involved in long-term projects of this sort, within a framework of partnership with the Ministry, leaders of these NGOs could be issued service or even diplomatic passports.

A lot of events have happened in the sphere of foreign policy since 1997. In 1998 we joined the WTO; then "Manas" and "Kant" airbases appeared; the Shanghai Cooperation Organization started its active development; strategic plans were changed. Since foreign policy ideology is a national concept of foreign policy, the format of work must correspond to these notions.

A new foreign policy concept is being developed at the moment. An inter-departmental working group has been formed consisting of 10 members, only four of whom represent official bodies dealing with foreign policy: two representatives of the Foreign Ministry, a representative of the International Affairs Office of the Presidential Administration, and myself. The other six members are representatives of businesses, local self-government, regional government, and NGOs. State interests in foreign policy are more or less known, therefore we decided to include into the concept paper ideas from these other segments. Once the working group is done drafting a concept paper, it will be

widely discussed with the participation of representatives of local self-government, NGOs, young scholars, graduate students, businesses, and employees of Customs Service, Frontier Service, and the Ministry of Defense. Then it will be discussed by employees of the Foreign Ministry, the President's Administration, and the Prime-Minister's Staff. It will be further considered at a meeting of Extraordinary and Plenipotentiary Ambassadors, i.e. people who have firsthand access to information on the external world.

Before the concept paper will be submitted for official approval, it will undergo the expert analysis of authoritative specialists like Ishenbai Abdrazakov, former Secretary of State, Extraordinary and Plenipotentiary Ambassador, former Speaker Medetkan Sherimkulov, and a third expert – Vice-President of the National Academy of Sciences. After the analysis, the concept paper will be submitted for the Security Council's approval.

This particular approach allows us to engage a big number of participants and to reflect interests of all parties. However, all of this work will differ from the work of the Constitutional Council, which is in fact a huge bazaar. The Secretariat will organize the work, bring together people, and the working group will discuss the draft.

**Ainagul Abdrakhmanova (IPP):** *So, what are the main differences of this type of discussion?*

**Murat Suyunbaev:** It is all about the approach to the work. What is the typical procedure in drafting such documents? A Minister appoints a group of two to three employees of the Ministry; they sit in their offices and work. There is no involvement of the public or in-



terested parties; the work is not open. Therefore, the bulk of such documents is not realistic, and fails to reflect objective circumstances.

Unfortunately, employees of the Foreign Ministry have a very limited understanding of the country they represent.

**Foreign Ministry officers have a very limited understanding of the country they represent.**

They do not travel within the country. So it turns out that abroad they represent a country about which they know less than other citizens. The Foreign Ministry has worked and keeps working for the President.

**Esenbek Urmanov (Bishkek Business Club):** I would like to ask three questions. How long will the new concept of foreign policy work? You said that we were late with the previous concept. The second question – When will we need a new concept? And the third – What are the criteria for selecting representatives of the public to join a working group to draft a new concept?

**Murat Suyunbaev:** We have two people in the Secretariat from the Academy of Management who extensively traveled around the country and worked with local self-government and NGOs. With their help we are bringing together capable heads of local government. We want to have a proportionate representation. We never invited people we liked; I invited my enemies as there is more use from them.

**Ainura Umetova (IISS):** *Going back to the question on concept, how do you define the probability that it will not merely rest on paper? Have you thought of specific steps in order to turn this concept into a workable document? What is after the concept?*

**Murat Suyunbaev:** A concept is not a document with direct application like a Constitution. It covers a considerable number of issues. Later a strategy will be developed, an action plan of the Foreign Ministry for three to four years. The strategy and action plan should, for the short-term, contain a guide book on the country for diplomatic corps.



## THE DANGERS OF PROPERTY REDISTRIBUTION?

*Increasingly chaotic redistribution of property in Kyrgyzstan, triggered by the Tulip Revolution in March 2005, poses a real threat to economic and social stability in the country.*

*Kumar Bekbolotov, Shairbek Juraev<sup>1</sup>*

The Constitution and relevant laws of Kyrgyzstan grant the citizens of the country the full and inalienable right to dispose of private property. Property rights in all forms compatible with market economy were legally fixed after Kyrgyzstan received its independence in 1990.

However, scandalous cases of ownership conflict over such big entities as Bitel mobile operator, PIRAMIDA TV company, Akkeme hotel and others vividly demonstrate to what extent the institution of private property ownership remains underdeveloped in Kyrgyzstan. The dramatic change of political regimes in March 2005 brought about a very tough process of property redistribution, ongoing to this day.

Initial signs of a forthcoming 'reevaluation' of property disputes included the cases of mass looting in Bishkek March 24<sup>th</sup>-25<sup>th</sup>, which virtually destroyed big businesses/trade entities that were believed to be related to the previous regime, and cases of mass-scale arbitrary seizure of land plots in and around Bishkek. Still more tellingly, the March events generated a large-scale process of property redistribution involving high-ranking politicians, businessmen and criminal groups, fully demonstrating the vulnerability of private property rights in the country. For a country in deep economic crisis and on the brink of social explosion, chaos in property

rights may serve a very bad role as a catalyst of social tension. The country's leadership must take immediate measures to ensure legal and practical protection of private property and capital against arbitrary attacks from the side of third parties and state agencies.

### The beginning

The privatization of state-owned property, which became the main element of economic reforms in the post-communist countries, had mainly been concluded in Kyrgyzstan by the late 1990s. The most comprehensive privatization took place in the service and trade sectors, creating a stable layer of private ownership. Privatization of major industrial, transport, and construction firms has been only partial. The latest stage of privatization, still underway, touches strategic areas where the state earlier maintained its monopoly (energy, communications, air transportation, and mining).

During the last stages of privatization, starting from 1999, former President Akaev and his family increased their use of power for large-scale expropriation of property. By early 2005, the family of Akaev and those of his closest allies had established control over key high-profit business entities in various spheres, from consumer services to

<sup>1</sup> Kumar Bekbolotov is country director of the Institute for War and Peace Reporting in Kyrgyzstan, and holds MA in Political Science from Central European University. Shairbek Juraev is program coordinator at the Institute for Public Policy, and holds MSc in International Relations from the London School of Economics.

<sup>2</sup> On 8 February 2005, opposition newspaper MSN published a long list of property objects reportedly belonging to the President, his family and close allies. The list consisted of more than 40 companies/plants in key economic sectors. See Rina Prijiwoit, "Prezident izdal ukaz: vseh otmyt' v poslednii raz", MSN, No.14, 08 February 2005.



telecommunications companies.<sup>2</sup>

Political euphoria and a sense of impunity after the collapse of Akaev's regime made any property that had actual or alleged links to the previous regime extremely vulnerable to various attacks. There were cases of arbitrary seizure of property by previous owners who had been fleeced by Akaev's regime, by the officials of the current regime, and simply by adventurers seeking to make a fortune in this "interlunar" time.

In this situation, the interim government's first step was to establish on April 11<sup>th</sup>, 2005 a special state commission, led by then acting Deputy Prime Minister businessman Daniyar Usenov, to "determine the movable and immovable property belonging to the first President Askar Akaev, to his family and closest relatives, and ensure its safety." Initially, the Commission prepared a list of 42 companies to be inspected, but later 136 more companies were added, bringing the total number of items to be inspected to 178.

The Commission's report, made public on the 24<sup>th</sup> of June 2005, revealed the linkages between the companies and the family of the former President. Apart from the accounts of tax evasion and illegal use of state finances, the report disclosed 17 cases in which state-owned property was privatized by Akaev's relatives.<sup>1</sup>

However, the work of the Commission itself drew a heavy criticism from various non-state actors. It was accused of exerting pressure on legal owners of various businesses, with the purpose of redistributing property in favor of the current power-holders. Maksim Maksimovich, the lawyer of Akaev's family, rejected all the conclusions of the report, claiming that "all the numbers of Usenov [head of the Commission] are non-existent, and are the conclusion of the Commission but not a result of inspection."<sup>2</sup>

The case of Bitel illustrates some general characteristics of current property conflicts. First, the law is usually violated in the very beginning, during

#### ***Bitel mobile operator***

Bitel is the only mobile telephone operator in Kyrgyzstan using the GSM standard. As of October 2005, Bitel claimed 440 thousand subscribers, occupying 90% of the mobile communications market in the country. Its earnings for 2004 reached 32 million USD. The State Commission investigating Akaev's property determined the market cost of the company to be 150-200 million USD.

The commission established that in 1998 Kyrgyztelecom, a state-owned communication monopoly, illegally provided 40% of Bitel's start-up capital, thus becoming its co-founder. It was also established that former technical director of Kyrgyztelecom, Marat Mambetaliev, had illegally used 500 000 USD in the interests of Bitel.

Since March 2005, Bitel has remained torn between different parties. At various times, conflict over ownership of the company has involved Bermuda Islands-based IPOC offshore fund, Kazakhstan-based Fellowes and Russian Alfa-Telecom which bought out Fellowes, and Kazakh Alians Capital. During the court hearings between various parties, it was revealed that Bitel was owned by President Akaev's son, Aidar Akaev, and Nurbek Turdukulov, former Deputy Minister of Transportation and Communication, via three offshore companies from the British Isle of Mann: Kyrgyzstan Mobitel, Flaxendale and George Resources.

After a very rapid and not always coherent series of events, two Russian companies – Reservpetsmet and MTS – emerged as leaders in the struggle for Bitel ownership. The former won the case in the Supreme Court of Kyrgyzstan December 14<sup>th</sup> 2005, and stormed and took over the Bitel building on the same day. At the end of the day, the main victims were hundreds of thousands of Bitel mobile network users, who lost adequate network service for several weeks following the change of owners.

<sup>1</sup> Report of the State Commission to determine the movable and immovable property belonging to the first President Askar Akaev, his family and closest relatives, and ensure its safety. 24 June 2005. Full text in Russian accessed at <http://www.analitik.kg> on 25 October 2005.

<sup>2</sup> Statement of Maksim Maksimovich, lawyer of Askar Akaev's family on the results of the State Commission on 5 July, 2005. Excerpts of the statement are available at <http://www.akipress.kg>.

the establishment of original ownership rights, thus sowing the seeds for future conflicts. Bitel was created with illegal attraction of state funds, making the company vulnerable for forceful changes in ownership. The use of political links allowed many companies to survive during Akaev's rule. The collapse of the regime made these companies highly visible targets. Second, it is apparent that the current property conflicts still involve people in the highest rungs of authority and those related to them. This point is illustrated by the contradictory decisions of the Minister of Justice and his deputy, and of various courts in the Bitel case. Similar stories are occurring with other large-scale properties, including Kant Cement and Slate plant and others.

### Methods of redistribution

It is possible to identify legal, semi-legal and illegal forms of property redistribution.

*Legal* methods do not formally violate the law; moreover, their use enforces certain legal acts. Property may be expropriated as a result of lawsuits, bankruptcy, financial fines and so on. We call these methods "legal" only as a formality. The selectivity of legal investigations demonstrates that they only happen when certain influential figures are interested. Legal ways of seizing property are most convenient for people who either work within the state apparatus, or have special influence on policy makers, since the main tools of expropriation are wielded through administrative state agencies such as tax, law-enforcement, or judicial offices.

The "victims" are usually owners who are deliberately in conflict with the law, i.e. who have violated certain legal procedures. Taking into account the nature of privatization of state property since

1990, the high level of corruption, and the exceptional inability of state agencies to enforce legality, one can assume that the number of owners in conflict with the law has been high throughout the era of privatization, and remains so today.

*Semi-legal* means are used when an expropriator does not have sufficient connections to make a legal case against the owner. This method includes a wide range of tricks with a general pattern: the property redistribution itself appears formally legal, but the means of convincing the legal owner to give his property up are not so. Administrative, financial, psychological, physical and other forms of pressure make the owner agree to give away or sell his/her property in a 'voluntary-forcible' way, but one that is formally legal.

Less often, property may be seized in an *illegal* way. This may happen in the form of seizing legal property documents, or property itself, through the use of physical force or the threat of it. Legitimization of the seizure follows later, and is sought in arguments such as "restoration of justice," or via bribing the judicial agencies or forging documents.

### Implications

Several conclusions can be drawn regarding the peculiarities of the inter-relationship between politics and business in Kyrgyzstan, and regarding their affect on the process of property reevaluation after the March events.

First, it is hard to draw a clear line between politicians, businessmen and criminals in this country. At this stage, political power is valued first for its provision of access to economic profits. One can easily see that almost all politicians have their own businesses, while most big businessmen are mem-

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bers of Parliament. Organized criminal groups have long been important economic players in the country, and with the fall of Akaev's regime, these groups gained more freedom and more political support.

Second, the abundance of administrative agencies produces government interference in the economy on an exceptional level, though the government has formally adopted a liberal, non-interference approach to economics. This interference results in a big share of latent economic activity, ranging between 25% and 60% depending on the source of assessment. "Latent businessmen" become vulnerable to various forms of semi-legal attacks on their property, while state authorities demonstrate utter 'indifference' to the cases of open legal violations.

Third, it is important to understand that one cannot expect effective social pressure in support of property rights in Kyrgyzstan. The society of Kyrgyzstan has not gone through the gradual development of capitalist traditions/principles, and the local population has not ingrained private property rights. Rarely can one see a "western-style" transaction in the market for large-scale property, be it merger or acquisition, with no political forces interested or involved.

This situation may have several negative implications for the country.

First, the practice of addressing business problems via political methods and tools very much repeats the habits of Akaev's regime, and subsequently sows the seeds for repetition of other

things that happened to the previous administration. Many people who lost their property during Akaev's rule have it back today. However, there are many owners whose ownership has become the target of attacks today, and who may well wait for a day to return their property. Emergence of a cycle of coercive property exchanges is not in the interests of the state, of business, nor, importantly, of the ruling political regime.

Second, purposeful interference of state agencies into business, along with the state's inadequate performance of its role in enforcing the law, makes current and potential investors scared. Business likes stability, and one can easily make investor leave the country by telling the story of Bitel mobile operator or Piramida TV company, in the case of which even the Parliamentary commission failed to identify the main conflicting party. As a country with no considerable exportable natural resources, Kyrgyzstan is strongly dependent on external capital. Given today's economic problems and societal tension, the authorities must not underestimate the importance of real investments.

Post-March redistribution of property illustrates where Kyrgyzstan stands in terms of political, economic, and social development. In light of the unstable situation in the country and the region, Kyrgyzstan's leadership has to develop a consistent and well thought-out policy to avoid further escalation of events.



## GUEST OF THE ISSUE

## EMIL UMETALIEV:

**“Unprotected business does not have confidence in further development, and is set to withdraw capital from the country.”**

*Our guest is Emil Satarovich Umetaliev, President of the company Kyrgyz Concept and Chairman of the Bishkek Business Council. Mr. Umetaliev is one of Kyrgyzstan's most experienced and successful businessmen; Kyrgyz Concept, founded 1990, is one of the biggest players in the service sector today. Mr. Umetaliev is also actively participating in the work of a dozen commissions, councils, and associations, namely the Union of Taxpayers, Board of the Soros Foundation-Kyrgyzstan, the Congress of Business Associations, etc. Our conversation is about the processes that are taking place in the sphere of private property, and their consequences for business in the country.*

**IPP:** *Mr. Umetaliev, how do you evaluate what happened on March 24<sup>th</sup>, 2005? What was it according to a businessman?*

**Emil Umetaliev:** From the retrospective of the past ten months, I would say that those events set a precedent for changes of power. That is probably the biggest value of those events. Actually, the public did not have a well thought-out decision regarding the strategy for the country's development. Separate groups, each of us perhaps, had some understanding in that regard; however, there was not a consolidated choice of a way. Moreover, there were no proposals either. Thus, on March 24<sup>th</sup> we had emancipation – emancipation from the regime which annoyed everyone, the regime with which everyone was disappointed. Certain parts of the society, including the business community, were concerned about their future, as monopoly over political power and economy always threatens development of business and the economy.

**IPP:** *Today, according to many experts, we are observing a tough process of redistribution of property. It is*

*difficult to understand what is going on with Bitel, Pyramida and other companies. What do you think is the main reason for such developments?*

**Emil Umetaliev:** We are experiencing the consequences of a situation when a pendulum swung in a different direction. Under the previous regime, this pendulum was artificially deflected in one direction. The previous regime dominated in some spheres of the economy, in a specific business. Now that pendulum has swung in a different direction, a derivative of legal mayhem. It would not happen were there fundamentals of law in the foundation of the state. It is bad that the pendulum swung from one extreme to another. On the other hand it is good, as there is now a polarity of forces and the existing vacuum is disappearing. We would like this process to be directed at establishing a progressive and more logical balance of powers.

Today the assets of the previous regime are being called into question. Some are indifferent to this, but other people are willing to take revenge. This situation allows some to act as a Robin Hood. On the other hand, loopholes in

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legislation were used, resulting in judicial precedents that allow for manipulation. Therefore, without having specific criteria the public cannot build its relation to the current processes. Yes, instability is bad, so is property redistribution, but it is difficult for the majority of the society to learn who is right.

**IPP:** *How do you evaluate the consequences of the current developments for the private business and foreign investments, both in the medium and long-term?*

**Emil Umetaliyev:** The consequences are already being felt. Except for big investors who can be interested in certain sectors of the economy with natural resources, and who are able to come to agreement with the government, the rest of the dependent entities of small and medium business are concerned and afraid – many of them are leaving the country either due to their concerns and fears or due to pressures exerted on them. Therefore, it is a very strained situation at the moment: small and medium business – unprotected business – not only has no confidence in further development, in receiving investment, but is further set on withdrawing assets from the country.

**IPP:** *Today we are observing an ever-increasing role of financial and business-structures from neighbouring countries, in particular Kazakhstan, Russia, and, to a certain degree, China. How do you view the process of their penetration into Kyrgyzstani business?*

**Emil Umetaliyev:** This is a natural process. If there is a lot of money, and there is no room for the Kazakh economy to invest it at home, it expands and simply reaches out to our country. We should not talk about our failure, as this

would happen anyway, even in a much worse condition. Even if we had devastation they would have come here and, risks notwithstanding, would have invested in order to profit. A risky business knows how to profit under any conditions. Even during a flood, devastation, and war. This is not the type of business which facilitates development. However, under better conditions there would be a hundred times better investments.

**IPP:** *What will the consequences be of the penetration of foreign capital into our business? For instance, into the banking sphere?*

**Emil Umetaliyev:** There are adequate modern rules which regulate the process and protect the country. You may allow foreign capital to enter our domestic market, our banking sector, but you should indicate certain segments so that the foreign capital cannot entirely control the country's economy. There are reasonable limits and you just have to set them.

There is a widespread misconception that you have to separate your own interests from the interests of foreign capital. However, the main thing is that people should have the opportunity for self-sufficiency. Does it matter whose money this is? There is always a shortage of one's own money. Even the biggest countries live with the help of foreign investment. The United States is the country which receives most of the foreign investment compared to others. All countries attract foreign investment for their development. China, which is demonstrating rapid economic growth today, is developing namely due to foreign investment. Therefore, foreign money is the only opportunity for the development of the economy and improvement of the nation's welfare. This

is the first thing. The second thing is that the main criterion for us should be not the citizenship of an investor, but the number of jobs, the number of emerging enterprises, the size of the average per capita income, the number of investments attracted into the country, and only in the last place – public revenues from investment. Public revenues will be the result of the abovementioned factors. One has to fight over foreign investment; the entire world fights over investments. Our old mentality is making us fear, be jealous, and show irrational concerns. Indeed, it is profitable, as any owner will make his money work effectively. Our only concern will be the protection of the environment, life, and health of the people.

**Does it matter whose money this is? The main thing is that people have the opportunity for self-sufficiency.**

**IPP:** *You are a Chairman of the Bishkek Business Club. What kind of measures and activities are you able to undertake in order to improve the climate for development of private business?*

**Emil Umetaliev:** We started to work in several directions at once. First, those who make decisions should have accurate information on economic and business conditions so that their decisions corresponded to reality. Second, we develop private projects, such as changing certain taxes in favor of entrepreneurship, or a project on budgetary dialogue designed to make sure that the process of forming the politics of interrelations between the International Monetary Fund and our government is more transparent and takes into account our national interests. Third, we conduct fee-based business forums for interested people and motivated

managers. At these forums we can consider perspective issues, develop certain technologies, opinions, and ideas, as well as consider issues that can be used for strategic planning. The first forum was on Kyrgyz export strategy; the topic of the second forum was “Shady KR (Kyrgyz Republic) or Sunny KG (Kyrgyzstan)”; the third – “Is Education a Business or Enlightenment?”, and the fourth – “A Stabilizing Role of the Middle Class”. For the fourth, regardless the issues we discussed, we always stumbled over the problem of the form of government; that is why the Bishkek Business Club started to actively participate in the Constitutional reform in 2005.

**IPP:** *And what should the government do in order to create a favorable climate for the development of private business?*

**Emil Umetaliev:** The first thing the government should do is change the Constitution. The Constitution must bear in-depth changes and become a progressive document that takes into account the international experience of developed countries. The Constitution should include the following: setting up a parliamentary republic and party democracy; providing preconditions for fair elections based on programmatic goals; consolidating the nation through elections with party lists and a proportional system; forming administration from the bottom up through elections, not by appointment; real independence of the judicial branch from the executive and legislative branches; and a less bulky hierarchy of government. The government may have only three levels, since there is no socialist property now, and therefore no necessity to manage property and economy. Considerable powers have already



been passed to property owners – enterprises and local self-governing bodies. Power should be shared with local self-government, and should allow it to be established through elections and to develop the budget from bottom to top.

Moreover, all of these reforms should be realized step by step. For instance, as it was already suggested by the Peoples' Coalition of Democratic Forces, we need to hold by-elections for thirty more seats in parliament based on party lists, and fill in seats of outgoing MPs only through elections with party lists. All elections in general should be done on a party basis. This reform will be a consolidating factor in uniting the nation. Secondly, it will lead to the discarding of tribalism and clan politics. Thirdly, programs and strategies supported by the whole country will come to the fore, instead of the selfish goals of certain groups of people.

The thing is that monopolistic business is already mixed up with power, and monopolistic business is the center of evil in peoples' minds. But we are talking about small and medium businesses, which use more effective means to increase the nation's self-sufficiency and welfare. In fact, medium businesses are vulnerable and unprotected from the arbitrariness of the authorities. They have only one way to protect their own interests: through associations and unions that would promote their in-

terests, but would not strive for power. Hence, businessmen are not able to realize their interests without power. For this reason, they need to delegate their interests to a certain political party that would realize those interests by means of striving for and gaining power. There are no such parties today. There are no rules, motivation, or conditions for their appearance or existence either. We have to create these conditions and rules when government will be formed through party democracy.

Therefore, business is interested in creating a new construction of government and new rules for the development of a party democracy. Otherwise, there is nobody to whom we could delegate our interests: since we are not striving for official power, we stay vulnerable and unprotected. Then no small or medium business will exist in our country, but only groups of monopolistic businesses bound up with those in power, as it is under dictatorial and authoritarian regimes. There will be a small group of very rich people, and a large group of very poor people.

**IPP:** *Thank you very much, and good luck!*



## ROUND TABLE:

### Constitutional changes: issues and preconditions

*A round table on “Constitutional changes: issues and preconditions” was held at the Institute of Public Policy on December 8, 2005. The work of the Constitutional Council brought about differing opinions among the public, not only on such significant issues as form of government and separation of powers, but on procedural aspects of the work of the Constitutional Council as well. To discuss the most topical issues, IPP invited for a round table Marat Kaiypov, Minister of Justice of the Kyrgyz Republic, Valentin Bogatyrev, Director of the International Institute of Strategic Studies under the President of the Kyrgyz Republic, and Zainidin Kurmanov, UNDP Parliamentary Expert and former MP. Representatives of international organizations, political parties, and public unions participated at the round table as well. Below is a transcript of the round table.*

**Marat Kaiypov:** Constitutional reform in the Kyrgyz Republic was brought about by the absence of a head of state elected according to the Constitution. The guarantor of the Constitution (properly speaking, the usurper of power) left the country, and it is time to change the Constitution. Justices of the Constitutional Court of the Kyrgyz Republic initiated the constitutional reform. The

#### Marat Kaiypov

Minister of Justice of the Kyrgyz Republic

In 1992-96 worked as unit head at the apparatus of government of Kyrgyzstan.

In 1996-1999 Marat Kaiypov served as the First Deputy Chairman of the Highest Arbitrage Court of the Kyrgyz Republic.

In 1999-2005 he worked as a judge of the Constitutional Court of the Kyrgyz Republic

idea was then supported by politicians who saw the strengthening of presidential powers after every constitutional referendum as a root cause of the political and economic crisis in the country. Of course, our then interim President had to support that idea, as it was a great one.

Everyone knew, even the populace, that the previous President had concentrated virtually all of the political power in his hands. In 2002, the former President had to negotiate with the leaders

of opposition in order to comfort them and the people. A new draft of the Constitution of the Kyrgyz Republic was developed, but the former President put on the ballot the draft that he favored. A decision was made at the Constitutional Council in fall 2002 that according to new proposed amendments to the Constitution, 50% of the seats in parliament would be allocated through a system of proportional representation, and the other 50% through a majority system. The decision was made and the Council adjourned its work; however, later the expert group excluded the proportional system altogether from the draft of the Constitution. To mention a second important factor: if you remember, at the time of the nation-wide public discussion of the proposed changes to the Constitution, all branches of the judiciary – the Supreme Arbitrage Court, the Supreme Court, and the Constitutional Court – were supposed to be merged into a single Supreme Court. However, after the nation-wide public discussion, only the Supreme Arbitrage Court and Supreme Court were merged, whereas the Constitutional Court remained intact.

It became obvious that the former President cheated. Having comfort-

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ed the population of Aksy, he virtually adopted the form of the Constitution that was suitable for him. Then he abandoned the country, and according to the existing wording of the Constitution, the acting President does not have a right to make any changes to the Constitution. His opponents wanted to take advantage of that situation and introduce changes to the Constitution before the Presidential elections.

As for the main achievements in the work of the Constitutional Council, I will focus on three principal moments. First, it is *de jure* fixed that the Kyrgyz state is rejecting such punishment as the death penalty, which is *de facto* confirmed since 1998. This is what our draft of the Constitution contains. Second, we introduce a principle of proportional-majority system of elections in our draft. If before, the previous administration abandoned the system of proportional representation altogether, now the Kyrgyz Republic secures it in the Constitution. And third: the draft proposes merging the Supreme and Constitutional Courts.

**Valentin Bogatyrev:** Of course, the Constitution is not a holy cow; it is nothing more than a legal form of social contract. The public has a right to decide when and where the Constitution should be reconsidered. For example, in the U.S. the Constitution is reconsidered not often, but we should remember that it was a newly created state, the citizens of which had a many examples of social set up at their choice. The U.S. Constitution was born out of a mixture of different systems, whereas our current Constitution was created by a generation of citizens who grew in Soviet formats. Authors of the first Constitution did not have the best international experience in constructing a theoretical model; therefore, none of

them could know what suits Kyrgyzstan and what does not.

Now the situation is different. We are learning from our own mistakes, our own experience of building relations between the public, individual people, and the state. Now this chance allows us, through changing the Constitution, to act more accurately and adequately. Besides, the precondition for these Constitutional changes was brought about by numerous prior changes to the Constitution, as a result of which it now resembles a patchwork quilt or a car assembled from parts of different cars. There is an obvious need to change it. I have talked to a number of specialists, experts in constitutional law, and they also agree with this.

However, there is a certain danger in change as well. I find it a serious mistake to reconsider a Constitution in a hurry, in times of political crisis, and we are making the same mistake repeatedly. An attempt to hold a quick constitutional reform, prior to Presidential elections, was the first mistake.

In the political sense, a Constitution is a system of social contract for those in power in terms of the setup of the government and relations between the state and the individual, between the state and civil society. There are three sides that make this type of social contract: the individual, civil society, and the state. It is clear that any manipulation of the Constitution, any changes to it, should be a subject of discussion by these three sides. I think that the Constitutional Council is not the best forum or form for this kind of discussion, as it does not have formal distinctiveness or procedural rules which would suit everyone. Probably the most sustainable form in this regard would be a Constitutional Board, created and working based on Constitutional norms and laws. I think a Constitutional Board

could have existed instead of a Constitutional Court. Since we did not have that form, we had to work with the Constitutional Council. In this situation, a procedure for setting up a Constitutional Council and its working format become the most important things.

A triangle “individual – civil society – state” should become the basis for setting up a structure for the Constitutional Council. I mean, it should consist of three equal, proportional parts: representatives of citizen’s interests, of a specific individual with his/her problems and needs; representatives of civil society, i.e. associations representing certain social groups; and representatives of state interests, state agencies which have to implement what will be written in the Constitution.

**What is principally important in the Constitutional Council is not the total number of its members, but the proportion of representation.**

It is obvious that it is not about the total number of members, but proportions of representatives. There might be other options as well; however, the main thing is that those proportions should reflect the real essence and functions of the government, which provides good quality service to the public within its authority, nothing more. Thus, the second mistake of the Constitutional Council is infringement on the principle of representation, which was in favor of two subjects of the government, whereby each branch of power was represented as an independent subject. Jogorku Kenesh, the parliament, was represented by this many members, President – this many, Cabinet – that many, and so on. As for civil society, it participated through an entirely arbitrary scheme of representation, with those people who represent its interests having no real connection

to participation in government.

Of course, there is another approach in defining principles for setting up such kinds of institutions as the Constitutional Council: through the representation of elites. For example, representatives from each elite group (business, political, etc.) are delegated to the Council. However, this option was not used in setting up the Constitutional Council either. In my opinion, the Constitutional Council was not legitimate in terms of representation; therefore, from the very beginning it did not enjoy the trust of the public.

Some find the failure of the President to participate in the first stage of the work of the Constitutional Council to be a mistake. As for me, I think the contrary. Participation of the President in the second stage of the Council’s work was the third mistake of the council. I say this because the President, popularly elected, does not represent in the Council any single social force, but the entire nation. This means that he represents the same abstract notion of power as the people, and no more than that. Thus, as a chairman of the Constitutional Council we have an individual with a concrete name, which is Bakiev, who has an opportunity to pass his own opinion as the opinion of the nation, or to put pressure on other members of the Council through his authority as the President. This is abnormal. By the way, I have expressed this idea several times to the President, that he must only act as a manager or moderator who does not deal with the content. The President must abstain from expressing his own opinion on the content of the Constitution; he should just manage the process. He is allowed to speak only on principles and principle approaches to reforming the Constitution, at least until all members of the Council have voiced their opinions.

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The President maintained this position to some extent, and tried not to form his opinion beforehand. He spoke up only when they insistently called upon him to be an umpire. This happened, for instance, on issues like merging the posts of the President and Prime Minister, or on questions regarding the Constitutional Court or the Russian language... However, I think he was forced to voice his opinion, because he was directly blamed for secretly regulating the process of introducing amendments into the Constitution.

I think the Constitutional Council should have been chaired by one of the public figures, or just a group of moderators representing various sectors in the Constitutional Council.

The most serious mistakes were technological ones. As a technologist, I understand that in order to achieve results you have to set in motion a normal process of constitutional reform, its full technological cycle. After having set up a Constitutional Council, the first thing is to develop main principles of the new Constitution and to define the format of the constitutional reform. This had to be done before Presidential elections, so that candidates confirmed their readiness to follow these principles and their intention to undertake a constitutional reform. This stage of developing main principles was not missed, but on the contrary, they decided to include the whole process of constitutional reform within this stage. In such a hurry, lumping everything together, they failed to do the most important conceptual work. We had to figure out what kind of Constitution we wanted and then compare it with what we had. We had to find the defects, which would then make clear whether there was a way to change the Constitution, and if yes, then how, or whether we should rewrite it and have a new one. Instead of doing this kind of

work – targeted and requiring a high degree of professionalism in politics and law – everything resulted in discussing peripheral remarks and suggestions, and then voting on them.

That was absurd, even more so taking into account the level of legitimacy of the composition of the Constitutional Council. The second important stage was completely omitted, that is, creating an expert commission with participation of foreign experts, which would have to do a legal analysis of the Constitution and then offer several drafts of the new Constitution. This is a very laborious part of the work, and it had to be done in a half year. Those drafts should be submitted to the Constitutional Council, which then works on the final draft, the one that will be submitted for a nation-wide public discussion. Askar Akaev was very smart to skip this stage: first there was a Constitutional Council, then there was an expert group, and afterwards it would be logical to submit the draft to the Constitutional Council again to decide whether the draft should be submitted to a referendum or not. But he did not want to negotiate. He said: "I do not want to talk to these people," and just submitted the draft immediately to the referendum.

The most important thing was not done, and we see what the results were. We got three negative results. The first is that we did not get a draft of the Constitution which would satisfy the public and facilitate better governance in the country, or which would prevent authoritarian rule. Secondly, we got a crisis-prone political situation, which could bring about serious standoffs in the society, which now we will witness unfolding. And thirdly, the image of the President has been seriously damaged, and the people who worked with him before and after March 24 are very disappointed.



Presently, the situation with the draft of the Constitution has moved from legal space to political. I think there are three scenarios for further political games. The first scenario is that everything remains the same as it is, without any significant changes. Further developments depend on whether Jogorku Kenesh adopts or rejects the proposed draft with insignificant changes. In case the draft is rejected, we will have a lengthy, permanent reform to deal with for another year. The second is that, as a result of a fierce confrontation between the authors of various drafts, the parliament will adopt a radical draft of the Constitution, which may cause a constitutional crisis and result in dissolution of Jogorku Kenesh. The consequences of this scenario will not do much good for the country. And the third scenario: the President accepts a possible combining of the posts of the President and Prime Minister in the new draft – this situation is a trade-off. Everything will depend on the fortitude of the opposing sides. They may come to a compromise solution, or it is possible that things will develop according to one of the first two scenarios. Anyway, in the case the radical democratic forces find that no sufficient changes were made, then we could expect another constitutional reform in two years before the next elections.

**Zainidin Kurmanov:** Why do radical versions emerge? Here are my arguments for you to consider. The overview of the development of the post-Soviet states for the last 15 years showed the following obvious thing: the first stage of the post-communist transformation has been completed. The content of this transformation was determined by the attempt of the former Soviet elite to become a new ruling stratum of a society based on market economy. This trans-

formation was made through large-scale privatization of the state property, which made it impossible to return to the old Communist system. At the same time, this transformation was accompanied by slogans for democracy, separation of powers, equality before the law, and observance of human rights. All of this helped to successfully write off the communist epoch. However, the emergence of a new social order brought about new problems and contradictions that became permanent and restrained further development of our country. Essentially, power was concentrated in the hands of narrow groups, clans, and new national elites. Business interests closely entwined with government interests. An income disparity grew between those who profited from economic transformation and the mass of the population as well as inequity in access to social welfare, managing modern technology, etc. Entire social groups in some regions stayed out of the activity of the modern economy, in further marginalization and degradation of the social space.

Bureaucratic government institutions were virtually removed from public control since the majority of the population was forced to focus on just surviving, while power and property were monopolized by a narrow group of new elite. Elites used this situation to safeguard their domination by restricting competition in both political and economic ar-

**Zainidin Kurmanov**

Expert of UNDP-Bishkek.

In 1997-2000 – Professor of the Law department of Kyrgyz-Russian Slavic University.

In 2000-2005 – member of the Legislative Assembly of Jogorku Kenesh.

Zainidin Kurmanov is a member of the Coordination Council of the Moya Strana party.

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eas. This policy led to the emasculation of democratic principles and procedures, and the emergence of the phenomenon of double standards. Extensive use of administrative resources and media manipulation allowed the ruling elite to regularly achieve the results they desired during elections and referendums, thus discrediting the most important democratic procedures. As a result, we got a social order with pronounced inequality in the distribution of power and property, lack of social bonds between groups, and lack of system of public control over the activities of the President or his circle, or over other official authorities. This order turned out to be internally conservative, and instead of being oriented toward further development of the country, it was oriented at self-preservation and at strengthening the positions of the ruling elite. The social passiveness of the population gave way for the creation of a social system of authoritarian, clannish government. The burden of adjustment to new realities suppressed the interest of the population to participate in political and social activities, allowing the ruling elite to impose its own agenda, which was presented as an inevitable choice between bad and worse options. As a bad option, the administration presented itself as unjust, thievish, ineffective, but able to maintain stability in the society and provide opportunities for the people to survive. The worse option was attributed to opponents of the regime: radical opposition, fundamentalists, nationalists, destructive elements and so on. They were associated with instability, chaos, civil war, and political repressions. The 21<sup>st</sup> century has been marked with economic growth in our country as well as in the entire post-Soviet space; however, given the established social order, only narrow groups have reaped the benefits of economic

growth. At the same time, economic growth increased the expectations of the entire population, especially of those the impoverished.

New conditions promoted sensibility towards clannish government, its lack of accountability and highly bureaucratic nature. As a result of the monopolization of power by a few individuals, government became a family affair, and favoritism led to a serious shrinkage of the regime's social basis. Layers of dissatisfied gradually emerged among the political elite and the clans who lost their influence over government decision-making; among business circles faced with serious difficulties in developing their businesses and with threats of takeover by the ruling family and their favored people; among the democratic community, which was observing backsliding on democratic goals and values; and among youth organizations, because of the lack prospects for professional and personal growth. A combination of the protests of these groups against the arrogance of the elites and their unwillingness to change, to enter into a dialogue with the society, or to respond to public inquiries and challenges through established democratic procedures, resulted in total alienation, and created critical conditions for revolutionary changes. Activities of the opposition were constantly restricted; mass media was persecuted; and there was only one way – to play out a revolutionary scenario. And so it was that revolutionary events were caused by mass falsifications of the elections in Georgia, Ukraine, and in our country. Gradual movement towards authoritarianism and deviation from constitutional checks and balances towards extraordinary powers for the President led to a situation wherein government agencies, courts, and law enforcement bod-

ies were paralyzed by systemic corruption and professional incompetence, failed to execute their primary functions, and persecuted citizens and businessmen instead of protecting them.

A parliamentary form of government has, undoubtedly, certain negative features, but there are more positive features to it than negative. One can observe a tendency towards authoritarian regimes in Central Asia, and it is largely true for the rest of the post-Soviet states. Our neighbors are good examples of that. Poverty in a poor country always gives way to dictatorship and more poverty. According to modern studies based on analysis of 135 countries, parliamentary systems may work and be sustainable even in poor countries. In poor states, parliamentary forms of government “survive” twice as often as presidential forms. I am not going to count all the advantages; I just want to add that our current form of government is found to be the least successful by the same scholars. A presidential-parliamentary form of government is not about division of power between the President and parliament – it is about a lack of responsibility for the Cabinet’s work. This is the main difference from a semi-presidential model. It is clear who is responsible for the work of the Cabinet in France, Poland, and other states which we may mention as examples with premier-presidential forms of government. In case certain political forces win and the President is in a different camp, both the parliament and the Prime Minister are responsible for the work of the Cabinet. In case the President, Cabinet and the majority of the parliament represent the same political force, then the power of the President is strengthened and he bears responsibility for the work of the Cabinet. We do not have this in our system. Another basic shortcoming is a dualism

of government; we have two popularly elected institutions, parliament and President, who are empowered to act on behalf of the people. This is a source for inherent conflicts between these two institutions, as each of them tries to become as powerful as possible. Fifteen years of post-Soviet history was all about a permanent struggle for power between parliament and the President. Of course, how could a presidential-parliamentary repub-

**Fifteen years of post-Soviet history was all about a permanent struggle for power between parliament and the President.**

lic function in a situation of government dualism? It could function only under the full subordination of the parliament to the President. In order to secure and implement a policy, the President is forced to have pro-presidential representatives in parliament. Askar Akaev tried to achieve this and got a revolution in return. Essentially, we have two Cabinets which are in a state of permanent struggle; this is a very unstable system, which will always generate new conflicts and push the country to new social tensions.

While choosing a form of government, we should take into consideration historical, cultural, and national traditions, trends, and preconditions. It is very difficult to get rid of an unpopular President in a presidential-parliamentary state. Kyrgyzstan is not the only example for that, but also Hugo Chavez in Venezuela, Alberto Fujimori in Peru, Ferdinand Marcos in the Philippines, and finally, Uzbekistan. What preconditions do we have? First of all, we have the centuries-long historical experience of Kyrgyz national development. It is well known that a form of democracy had existed in Kyrgyzstan initially; a considerable part of our history shows that there was no centralized govern-



ment or monarchy, bureaucracy as a class, or other institutions. Afterwards, for more than 150 years we lived as part of a European state, the Russian Empire and Soviet Union. The latter also had a specific parliamentary republic, where according to the law the supreme power belonged to a Supreme Council, although in reality it belonged to the Central Committee of the Communist Party of the Soviet Union. Furthermore, we have little territory and a relatively small population, which is the size of one oblast of Russia or maybe even of Kazakhstan.

I would like to point out that our President has too many legislative and non-legislative powers. For instance, a French President has only two legislative powers, whereas our President has seven legislative and twelve non-legislative powers. Probably only the king of Saudi Arabia has more power. This is the issue: why should a President of such a small country like ours be given superpowers?

The fourth factor is an acute shortage of time. Reforms have been carried out for the last twenty years in our country, whereas a new country was built in twenty years in Malaysia. As for us, we have been experiencing endless problems and conflicts over the last twenty years. The fifth is the ample opportunities provided by the age of information: real-time communication, shrinking distances, opportunity to make use of the latest achievements in political thought – all of these opportunities allows us to move forward without having to wait for an evolutionary stage of development. The sixth is that our country is a multinational state with pronounced segmental features. In these circumstances, it is very important that the winner gets everything. In a presidential-parliamentary republic, the President gets everything while the opposition becomes margin-

alized. The interests of various social or ethnic groups are ignored. However, all of the above mentioned problems are taken care of in a parliamentary form of government, which tends to be more democratic in this sense.

The seventh factor is a relatively high level of literacy and development of civil society. Many people say that political parties have not matured yet. However, we do have about five to six relatively big political parties, and this is sufficient in principle; we do not need all 60 parties to develop and be on a par, as that is impossible in the first place. The presence of numerous groups of interests and the highly conflictual situation in the society, the absence of a sizable middle class, abject poverty of the population, unemployment, and gender problems – these problems must be resolved in the nearest future. The public can no longer tolerate a corrupt system which is supporting only one person's rule. It is necessary to boost the process of political and economic modernization. This is also one of the preconditions: it is necessary to utilize the capacities and potential of the opposition in vari-

ous spheres of government. It is essential that we promote a democratic political system, encourage the activities of political parties and civil society, and overcome the political consequences of tribalism and regionalism. These institutions start to form quickly under a parliamentary system, increasing the availability of charismatic leaders, most of whom are now out of the game. We have a north-south division in the country, and patron-clannish relations. Thus, in our country we should not have one

**In our country we should not have one 'highest' office, because if it is a representative of the South, then northerners are unhappy, and vice versa.**



high office, because if it is a representative of the South, then northerners are unhappy, and vice versa. This factor should also be taken into account. Power should be equally divided between the branches of government.

According to experts in constitutional law – a constitution is an archeology of our country. We are afraid of repetition at the moment, since at this stage we are witnessing the restoration of Akaev's regime under different names. Heads of state, presidents of the nearest Asian states, have unrestricted ability to win elections for another term. This is a stumbling block, because President Akaev was busy only with attempts to be reelected for the next term throughout the last 5 years. Karimov is also thinking of ways to prolong his powers. This is not a headache for Turkmenbashi anymore. If you are a good President and people trust you, you are welcome to be a Prime Minister or Speaker of the Parliament, but there should not be a single high office.

I would like to tell you one more thing about the advantages of a parliamentary system. There is an opinion that in a parliamentary republic the President will become "an English Queen" and the executive will disappear. This opinion is absolutely unfounded, as the Prime Minister will take over the executive and he or she will be the only person responsible for the activities of the executive branch of power. The disadvantage of a presidential-parliamentary form is that the President is not accountable to anyone. The institution of impeachment is impossible because there will always be five people who would stand for the President till the very end. At the same time, in a parliamentary republic the Prime Minister will be accountable to the parliament, and any affairs related to his children or his favored people may result in the proce-

cedure of impeachment. In this case, the Prime Minister as a head of the executive branch will behave in a proper manner and heed public opinion. These are my arguments, which I present for your judgment.

**Kumar Bekbolotov (IWPR):** *What proportion of the seats in parliament will be allocated through a party lists?*

**Marat Kaiypov:** This is not indicated in the Constitution, but it was discussed in the working group that no more than 30% of the seats in parliament should be elected by a major system in single mandate districts, so that the dominating majority would be elected on proportional basis. This variant has been suggested to complicate the bribery system. Unfortunately, my suggestion did not pass into the Constitution project. I suggested the following scheme: parliament members elected on the basis of a mixed form and single mandate must leave their position every two years. This way they can't take advantage of their MP privileges – one cannot steel a lot in only two years. Secondly, due to their small numbers they will have to join either some party or coalition. Thirdly, single mandate MPs will be busier taking care of their electorate and fulfilling their promises. Since they have to be elected again in two years, they will constantly be thinking of this. Hence, it will be more complicated for candidates to win illegally by grafting an electorate.

**Ainagul Abdrakhmanova (IPP):** *When do you think it is possible to hold such elections?*

**Marat Kaiypov:** You are all aware that according to the present Constitution, the head of state defines referendum issues, i.e. he decides whether a Constitution should be introduced to



referendum or addressed to the parliament. He had no doubts on parliament *ad interim*; he is still working with it. I think he will introduce some amendments to the parliament. In case the parliament approves the draft, we will see if it contains a proportional system for elections. Then we can talk on further steps. Meanwhile we cannot say when it is going to happen.

**Rakhat Mamytkojoev (“Erkin Kyr-gyzstan” party):** *I have one question to Marat Tashtanovich as a lawyer. In what way will elections take place – will parties run independently, or will some of them be able to unite into pre-election blocks?*

**Marat Kaiypov:** Yes, they will be able to unite and act as a bloc.

**Rakhat Mamytkojoev (“Erkin Kyr-gyzstan” party):** *Let’s say they pass into the parliament as a bloc and collapse afterwards. Then the same thing that we have under the majority system happens again: no discipline, no rights.*

**Marat Kaiypov:** This is a worldwide practice. Many parties unite during elections to gain the votes of electors. I think this is normal.

**Shairbek Juraev (IPP):** *As a government representative, what do you think about changing the form of the government?*

**Marat Kaiypov:** First, I am an adherent of consistent steps. The people of Kyrgyzstan elected Bakiev as a president with all that scale of power that is provided by the present Constitution. People voted for him since they trust him and believe that he will pull the country out of crisis. People were

aware of power that he would have as the head of state and of the executive branch. I mean, the government has to be under his control; he is commander-in-chief of the Kyrgyz Republic. He won people’s trust and the presidential mandate, and I would consider his resignation as a betrayal.

**Zainidin Kurmanov:** That is a problem of morality.

**Marat Kaiypov:** No, I do not think so. One must not treat the people who elected him like this. After all, he was elected as a President for five years.

**Zainidin Kurmanov:** Yushchenko, for instance, agreed to reduce his power.

**Marat Kaiypov:** Yushchenko’s policy and electoral campaign initially aimed at reducing presidential powers, unlike Bakiev’s. As for Bakiev, he did not do that, but accepted the ideas of his ardent opponents related to a constitutional reform.

In my opinion, the form of government does not depend on the country’s welfare or its economic development. It depends on the controlling mechanisms that we set up over ruling individuals. If we want to save a presidential form of government, then we need to let it work instead of constantly criticizing it. We need to think out a mechanism whereby the form of government is transparent, and not corrupt.

In case we want a parliamentary form of government, then, as was already discussed, we need to wait until 2010. The reason is very simple: the current President was elected by the people while holding all the power that he had at that moment, and it is impossible just to throw him out until his term is over.

The President must finish his five-year term. Moreover, I think he would not agree to simply resign all the authority that he has now.

Why has the U.S. Constitution not been changed for so many years? There is only one reason: there was no President or official, who demanded that certain personal powers be written into the Constitution. This Constitution was written for future governments, for the future of the state. It contains the main principles, and the rest is written in laws.

By the way, let me say something on the new form of government that we invented – the so-called presidential-parliamentary form of government. There is no presidential-parliamentary form in the theory of constitutional law; it appeared in the post-soviet period. The leaders of post-Soviet republics did not want to take responsibility for the work of the Cabinet (taking into account that the USSR collapsed during a serious crisis). Communists had delegated their authority to Soviets approximately five years before the country collapsed, so then leaders just changed their chairs and the nameplates on their doors. The same people are still ruling their countries: Nazarbaev in Kazakhstan, Karimov in Uzbekistan, Turkmenbashi in Turkmenistan. They set up the post of Prime Minister together with the Cabinet in order to shift responsibility for work to the Cabinet while they themselves rule as presidents.

A President is a Commander-in-Chief; he is empowered to dismiss the government, to chair the Cabinet, and to cancel any resolutions passed by the Cabinet. Look what powers the Presidents have in the post-soviet states. The President is head of the executive branch as well as head of the Cabinet.

**Ainagul Abdrakhmanova (IPP):**

*What about responsibility?*

**Marat Kaiypov:** The President must bear responsibility, but as a matter of fact, it is the government, who is more responsible. For the last 11 years, there were several cases in which the government was replaced every time some accident happened.

Article seven of the Constitution on separation of powers is a key one. There are three branches of power in the Kyrgyz Republic: legislative, executive, and judicial. Suddenly the President appears on this list. If the government is the Cabinet, then where should we transfer President's power? It turns out that he heads the executive branch. Therefore, I suggest not reinventing the bicycle, but writing down straightforwardly that the President is the head executive. However, this was not done, due to that notorious agreement between the President and the Prime Minister. But if we did this, everyone would see that we have a presidential form of government.

**Zainidin Kurmanov:** In neighboring Uzbekistan, they have a presidential form of government, but their president is simultaneously head of the Cabinet. Actually, he is responsible for some projects, but they also have a Prime Minister who always becomes a boy-for-beating in case the project fails. It is very likely that we will have similar results while we are using this kind of model.

**Valentine Bogatyrev:** There are also the so-called state counselors, who are supervising certain spheres in conjunction with the Cabinet. Before, it was the Secretaries of the Central Committee; now it is the ministers and simultaneously the state counselors who supervise certain spheres.



**Rakhat Mamytkojoev (“Erkin Kyr-gyzstan” party):** *How is it possible to restore people’s trust in the process that was lost during the last events?*

**Valentine Bogatyrev:** There are ways to improve the situation, of course. First, all of the work done by the parliament, by its radical-democratic group, is to be presented to the Constitutional Council again. They will work further with this version, not with the truncated version that was suggested to nation-wide public discussion. It is necessary to return to a zero reading and start discussing all proposals. All of them are noteworthy, to be considered, but I doubt that anyone would like to start this process, because it is a political battleground. As usual, we will have authorities bargaining. This is our problem, because in this way we do not solve troubles, but on the contrary preserve and redouble them. People’s trust in the authorities decreases when they demonstrates unwillingness to give up their power and do not want to move towards democratization.

The situation can be improved only by a cardinal decision. Let’s say the President would address the parliament with: “give us your decision, and let’s vote for it”. I think that in this case the situation could be improved. But this is a suicidal project for him and for Kulov, as well as for all those who hold executive power at the moment. Therefore, they dare not do that.

**Aibek Suyuntbekov (“Alga, Kyr-gyzstan!” party):** *In article 53 of the new draft of the Constitution, it is written that the rights of an ex-President are additionally established by a law. Are not you afraid of the fact that after the referendum, the President will surreptitiously sign the law giving him*

*even more power than the ex-President Akaev had? Is it necessary to specify all of these powers in the Constitution? Thank you.*

**Zainidin Kurmanov:** We were making very careful and well-balanced suggestions at the very beginning of the work of the Constitutional Council. We were just asking the President to refuse powers that can lead to turning the country upside-down, for instance, the President’s authority to introduce amendments to the Constitution, which was the most crucial law allowing Akaev to use his power just the way he liked for the last 15 years. Kazakhstan is a powerful and huge country but even its President Nazarbaev does not have powers for law making. It would be good if our President made a choice to refuse at least this power. Absolute power corrupts an individual absolutely; this is known to everyone from ancient times. If one individual concentrates absolute power in his/her hands (especially without any political organization or any program goals), then the power is generally transferred to illegitimate institutions. We have a parliament and a Cabinet; however, decisions are made by the President’s daughter, son or son-in-law. Since he cannot manage all his powers, he starts delegating them to his relatives and friends. This is our trouble. It was like that under Akaev, and we still face the same problem. Akaev also was a good President at the beginning; I was happy in all sincerity when he was elected. Later however, we could not find a way to get rid of him, and had to resort to a rebellion. Any other President can suffer from the same fate. Therefore, it is necessary to create a constitutional model that would not allow us to go back to that past, so that there will not be a new tragedy during new times. The authorities must be



responsible, under control, accountable, and transparent.

We see only one way: the extraordinary powers concentrated in the hands of one individual who fails to exercise them must be transferred to legitimate institutions, the parliament and Cabinet, because they are empowered to manage and bear responsibility. Our president is even ahead of Latin-American Presidents in terms of power, which has been a problem for their countries since forever. All of this was done with only one purpose, hidden from us – to prolong personal power, to stay on as a ruler, to reign supreme, to have access to property, to control, to rob, and to steel.

**Valentine Bogatyrev:** I do not see a topic to discuss in this matter at all. I suppose international experience cannot serve as an argument in this case. No situation is unique to Kyrgyzstan, and only internal arguments must be considered.

However, I would like to answer the question on including powers of the ex-President into the Constitution, and why it is referred to in a law in the current draft of the Constitution. You see that now there is no guarantee at all. If you are a bad President people will throw you away together with all your power. If you are a good President, you will be granted a higher pension, a car, so that you can live your peaceful life. In my opinion, this is not a law-making issue at all. I think we are in the process of working out mechanisms for interaction, acquiring skills and the ability to hear each other, to negotiate, and to work on arguments.

My opinion is that it is impossible to teach the authorities; they are subject to frequent replacement. When trainings for ministers are conducted, I always question: why are you teaching them,

they will be replaced tomorrow? Moreover they are taught things about which they have no idea – management technology – why in the world would they need it?

I worked with Akaev for almost three years, and witnessed a phenomenon when we both were looking at the same text but read different things. He found in the text things that coincided with his beliefs, which were formed by someone else. The rest was thrown out. Unfortunately, powerful positions change a person a lot; for example, Kulov has changed considerably.

**Shairbek Juraev (IPP):** *Taking into consideration regional, clannish, and other divisions in our society, do you think the absence of a strong President would make the parliament dysfunctional?*

**Zainidin Kurmanov:** What is happening at the moment is a result of four constitutional reforms. All these reforms led people up a blind alley, and finally to the events of March 24<sup>th</sup>. A Parliamentary republic with a proportional system of election is less risky. We cannot absolutely exclude the risk that parliament will again be represented by clans, but the risk will considerably decrease since a system of proportional elections is different from a majority system.

I would argue that the present system will never provide honest and just elections. The reason is that the President is very anxious about election results. Who was busy with falsification and law violation, with welding people? State agencies that are supposed to protect the law were actively involved in this disgrace, because the main problem to be solved was how to create a qualified majority out of Akaev's adherents in the parliament. Look what is happening now: the president was replaced, but

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the system remains the same. Again favored individuals have appeared close to the President; the factor of family has come forth; a process of property redistribution is going on; and we know who are favored in electoral districts.

Our constitution is always written for someone. However, it needs to be written for the country, for the citizens. A Constitution is not to be written by the authorities, and government members are not to participate in the Constitutional Council. The Constitution should be written by specialists in constitutional law. I agree that it needs an inventory in order to find out what are the problems and tragedies of our Constitution. Where are our lawyers? Where are our counselors who were supposed to suggest this way so that it did not turn into a bazaar? The Parliament started to force this process because revolutionary enthusiasm decreases quickly, and it was obvious that the President was not going to change anything. The President is not an expert; he may be unaware of many things. Besides, as

Bogatyrev has said, our President is not subject to re-education. As long as there is no earnest political market with earnest and real competition, it is hard to talk of bringing up political leaders.

**Elmira Nogoibaeva (International Institute for Strategic Studies):** *It seems to me that while discussing, we have not solved the main issue: who or what will lead the country out of crisis? Valentin Borisovich said it could be civil society and Zainidin Karpekovich does not agree. Is it possible to voice any arguments on civil society?*

**Valentin Bogatyrev:** I think so just because now, for instance, I am discussing these problems with those who want to change the situation. There are many of such people, and their numbers are growing. Therefore, I think this is the only instrument. No one but the civil society with all its sectors – analytical elites, NGOs, mass media – is able to counteract the government. It was always like that. Otherwise, it will be an external power. Someone from the outside will have to establish order.

## Civil service today: problems and solutions

*The political events that unfolded after the “Tulip revolution” have exposed problems regarding the competency and civic responsibility of government employees at all levels.*

**Esenbek Urmanov<sup>1</sup>**

If previously this problem was compensated because the population had not run out of patience, and the shortcomings of government were “forgiven” in the hope of achieving positive changes in the long-run, then at the moment the situation has been exacerbated. The disgraceful end of Akaev’s rule has destroyed the public’s patience, and today time is already playing against the new administration. Rhetoric and dogma, which have been used in the past by the leadership of the country to cover up nepotism and a lack of professionalism in personnel policy, should be replaced in the nearest future with specific actions intended to bring specific results.

Now there is an understanding that government bodies, as decision-making centers, are in dire need of competent and responsible employees. Since government decisions affect the entire society and are aimed at providing citizens with public goods and creating conditions for the realization of their rights and freedoms, then public practice itself requires that all decisions made by government bodies be of good quality, feasible and productive.

Decisions are directly depend on the quality of human resources. Ideally, there should be a concentration of the best staff in government agencies, and appointments in the executive branch

of power should depend on the level of professional training of the staff.

In Kyrgyzstan, in order to join the government one has to meet the requirements of the “old gentleman’s club”: personal loyalty, friendly association with people from the same area, nepotism, and “solvency.”

It is no secret that the problem has become systemic: those who join the government in order to serve the public, who openly in practice reject nepotism and bribery, cannot make a good and progressive career. A great deficit of educated and competent personnel, adequately prepared to face the challenges of the day, threatens Kyrgyzstan with the prospect of becoming a failed state.

It is impossible to solve this problem immediately, of course. Such aspects of the problem as nepotism and bribery are manifestations of the general corruptibility of the system and society, and they require consistent reforms with a long-term perspective in education and performance of the government, as well as incorporation and strengthening of market mechanisms in the government. However, the problem of education and competency is forced to the background by a number of primary issues, the solution of which could considerably improve the situation with hiring personnel in government agencies.

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The following could be listed among these issues:

- Low salary of civil servants. Today civil servants cannot have a salary which could be adequately comparable with salaries at commercial companies and international organizations. A low salary forces people to use budgetary funds illegally or to sell information within their jurisdiction. According to data from the National Statistical Agency, as of December 1<sup>st</sup>, 2005 the average cost of living is 1,843 soms per month nationally, whereas in Bishkek it is 1,943 soms. Presently, employees of ministries make 1,200 to 1,600 soms per month. As a comparison, employees of NGOs, depending on rank, receive from 100 to 300 USD per month, and employees of international organizations make from 200 to 800 USD, also depending on their rank. It is obvious that the situation with remuneration in government agencies is unenviable: the salary of an employee in a ministry is below even the average cost of living.

- Instability of work in government agencies. Personnel reshuffling is done because of voluntarism and the ambitions of political appointees, whereas in stable countries civil servants become a stably-functioning social stratum. Every newly appointed official in Kyrgyzstan brings along "his own" people and creates a corporate culture which favors him.

- Absence of guarantees for promotion and lack of prospects. Civil service does not guarantee a desirable career or high reputation. Moreover, civil servants as a social group are the most unprotected in legal and social spheres.

It is obvious that lack of attention to these problems of governance could

result in exacerbation of the systemic crisis in Kyrgyzstan.

Furthermore, the crisis is aggravated by the fact that high-ranking officials still do not have clear and specific goals that are understandable to the public or to mid-level officials. The VIPs should identify what direction Kyrgyzstan is taking and what our end goal is as soon as possible, say, in the next ten years.

Another part of the problem is that the government is virtually detached from the public. It exists by and for itself, and is not aimed at serving the needs of citizens.

Thus, now we can already see potential risks for Kyrgyzstan.

First of all, ineffective government could result in the loss of the country's independence, if not *de jure* then *de facto*. This situation could be caused partially due to the incompetent work of local and central government agencies, by which some parts of the country fall under the material, commercial and informational influence of neighboring states. On the other hand, the current personnel chaos on the top level of government could be bring about a situation whereby certain ambitious politicians, in search of political support, seek assistance from the influential political circles of other states. All of this cannot but concern us!

Secondly, persistence and functioning of the political system inherited from the Soviet epoch and Akaev's rule will give way to, not prevent, new dictatorships – if not of one person then of a ruling clan. The country is not rich with natural resources, which could compensate authoritarian rule, which the administration could rely on while solving socio-economic problems. The only resource of the country – its citizens, their entrepreneurial spirit and creativ-



ity, their energy and courage – could work only under a policy of non-interference from officials.

Thirdly, persistence of inconsistent, unclear personnel reshuffling threatens to aggravate the social tension, fraught with a “new revolution” accompanied by new lootings and redistribution of resources (property), which the country will not likely endure.

What could be recommended under these conditions?

In a short-term perspective – it is advisable to introduce norms that bind government agencies to make decisions in the format of public policy. Procedures of public policy, the best management technologies at the moment, allow the public to influence decisions made by government officials and to consult them. State policy concepts, laws and resolutions made by authorities, should be determined in certain spheres with mandatory participation by interested parties. During the process of employing procedures of public policy, the positions of such parties are heard and coordinated; analytical reports are prepared which present variant plans and the anticipated consequences of implementing each alternative. The advantages of decisions made in the format of public policy are observation and realization of the interests of the public, of the citizens of the country. Consequently, decisions made outside the format of public policy (except deci-

**As the best management technologies at the moment, procedures of public policy allow the public to influence decisions made by government officials and to consult them.**

sions of special services and the military) should be considered illegitimate. In this way, it is possible to eliminate management practices which serves the interests of officials. It is also necessary to establish control over the implementation of norms of legislation, which requires entrance to the civil service through merit-competition.

In addition, in a short-term perspective – it is advisable to reconsider the current administrative-territorial division of hierarchy: heads of oblasts and rayons and their staff deal with issues that the local self-government could successfully handle. Thus, there should be a reduction of the staffs of officials. It is essential to delegate government functions to local self-government as much as possible. All of this should result in releasing budgetary funds to raise the salaries of civil servants several fold. It is also essential to determine the form of government: presidential or parliamentary. As management practices in our country have demonstrated, a mixed form of government allows the President, Cabinet and parliament to avoid responsibility for the implementation of government policy. This system inevitably leads to the creation of parallel administrations, parallel departments and offices in the administration of the President and Prime Minister's Office, both bodies being presented as executive agencies. Based on natural managerial needs, both the President and Prime Minister set up the structure of their staffs, hire staff, assign duties and tasks, etc. Moreover, the staffs grow in size due to attempts of VIPs to supervise all spheres of public life according to Soviet tradition. For this reason, the public has to realize that, given scarce resources, maintaining these structures of the state machinery



and organizing their work bears heavily on the national budget, and therefore on taxpayers.

In a long-term perspective – it is essential to introduce special legal norms which will protect the administrative staff of government agencies, including the post of deputy minister, from arbitrary political appointments, and to provide a high level of social protection for civil

servants. A useful compulsory measure could be the withdrawal of government officials who represent the generation of the 40s and 50s of the previous century. The values and knowledge of this generation do not meet the challenges and realities of the present day. Their attitudes to many phenomena in the society, their thinking and decisions, contradict the interests of the public.